

MINUTES OF MEETING

STATE OF WISCONSIN EMPLOYEE TRUST FUNDS BOARD INTEREST CREDITING SUBCOMMITTEE

Thursday, October 21, 2004

**Conference Room 1B
Department of Employee Trust Funds
801 West Badger Road
Madison, Wisconsin**

BOARD SUBCOMMITTEE

MEMBERS PRESENT:

Robert Niendorf
Nancy Thompson
Cynthia Van Bogaert

PARTICIPATING ETF STAFF:

Linda Owen
Robert Weber

OTHERS PRESENT:

None

Robert Niendorf, Chair, called the meeting to order at 9:10 a.m.

CONSIDERATION OF INTEREST CREDITING ALTERNATIVES

After lengthy discussion of a variety of possible interest crediting alternatives presented by ETF staff, the Subcommittee recommends that the Employee Trust Funds Board propose a statutory change that would alter how partial year interest is credited for Wisconsin Retirement System (WRS) benefit purposes.

The Subcommittee's recommendation is to issue all lump sum benefits throughout the year with no partial year's interest, then issue a supplemental payment for prorated effective rate interest for the partial year early in the following year when the effective rates are available. Since effective rate interest can be a gain or loss, the Department would need the authority and flexibility to withhold some portion of the account balance in the original payment to cover for potential negative effective rates, thereby avoiding overpayments that would be very difficult to recover. Any withheld portion could be included in the supplemental payment issued in the following year.

If the above recommendation is not adopted by the full Board, the Subcommittee's recommendation is to leave the current interest crediting statutes as they are with no recommended changes.

ADJOURNMENT

Cindy Van Bogaert moved that the meeting be adjourned, and Nancy Thompson seconded the motion.

The meeting of the Employee Trust Funds Board Interest Crediting Subcommittee adjourned at 12:10 p.m.